

7/14
7/16 AM
ggy
JW

GIFFORD, KRASS, GROH, SPRINKLE,
ANDERSON & CITKOWSKI, P.C.
101 North Main St., Suite 800
Ann Arbor, Michigan 48104-1476

(734) 913-9300
FACSIMILE (734) 913-6007
jposa@patlaw.com
dwathen@patlaw.com

FACSIMILE TRANSMISSION

DATE: July 23, 2001

TO: EXAMINER NINA BHAT

FACSIMILE NO.: 703/872-9397

FROM: John G. Posa

PAGES TRANSMITTED (INCLUDING COVER SHEET): 32

ORIGINAL DOCUMENTS WILL X WILL NOT FOLLOW BY FEDEX

RE: Serial No. 08/817,278

MESSAGE:

Ms. Bhat:

Attached is Plaintiff's Opposition to Defendant's Motion, and Proposed Facts. The originals and exhibits will be sent to you via Fedex as soon as possible.

Information contained in this facsimile may be PRIVILEGED and CONFIDENTIAL. It is intended only for the use of the person or entity named above. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is neither intended nor permissible. If this facsimile has been received in error, please notify us immediately (call collect) and return the facsimile to us.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

STEPHEN B. HOY, D.V.M.,
an individual

Plaintiff,

v.

Case No. 00-72308
Honorable Arthur J. Tarnow
Magistrate Judge Scheer

ROBERT A. DITCHIK, an individual,
d/b/a PET GREETINGS,

Defendant

ROBERT A. DITCHIK, an individual,
d/b/a PET GREETINGS,

Counterclaimant

v.

STEPHEN B. HOY, D.V.M.,
an individual,

Counterdefendant

John G. Posa (P49445)
Ellen S. Cogen (P47201)
Gifford, Krass, Groh, Sprinkle,
Anderson & Citkowski, P.C.
280 No. Woodward Ave., Suite 400
Birmingham, MI 48009
734-913-9300

Attorneys for Plaintiff/Counterdefendant

Robert L. Kelly (P34412)
Adam B. Strauss (P53319)
DYKEMA GOSSETT PLLC
39577 Woodward, Suite 300
Bloomfield Hills, MI 48304
248-203-0700

Robert Louis Finkel, CA St.Bar No. 25630
16055 Ventura Boulevard, Suite 915
Encino, CA 91436
818-986-5000 FAX 818-986-5396
Attorneys for Defendant/Counterclaimant

PLAINTIFF'S OPPOSITION TO DEFENDANT'S MOTION FOR
SUMMARY JUDGMENT AND PROPOSED CONCLUSIONS OF LAW

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES.....	3
I. INTRODUCTION.....	4
II. THE SIMMONS ACTIVITIES.....	5
III. PROPOSED CONCLUSIONS OF LAW.....	8
A. None of the U.S. Poochcards Made by Simmons <u>Anticipate Claim 1 of the Patent in Suit.....</u>	8
B. The Differences Between Simmons' U.S. Poochcards <u>and the Subject Matter of Claim 1 Are Not 'Obvious'.....</u>	10
C. If The Differences Between Simmons' U.S. Poochcards And The Subject Matter Of Claim 1 Are Insignificant, Why Is It That <u>Simmons Could Not Produce An Article That Infringes Claim 1?.....</u>	11
D. Simmons Did Not Offer A Product For Sale; Rather, <u>He Merely Solicited Interest In His Concepts.....</u>	11
E. Defendant's Reliance on the Supreme Court's <u>Pfaff Decision is Misguided.....</u>	12
IV. CONCLUSION.....	14

TABLE OF AUTHORITIES

<u>Statutes</u>	<u>Page</u>
35 U.S.C. §102(b).....	4, 8, 9, 10, 11, 13, 14
<u>Cases</u>	
<u>Atlas Powder Co. v. E.I. du pont De Nemours & Co.,</u> 750 F.2d 1569, 1574 (Fed. Cir. 1984).....	9
<u>Connell v. Sears Roebuck & Co.,</u> 722 F.2d 1542, 1548 (Fed. Cir. 1983).....	10
<u>DelMar Engineering Lab v. Physio-Tronics, Inc.,</u> 642 F.2d 1167 (9 th Cir. 1981).....	9
<u>Hybritech Inc. v. Monoclonal Antibodies, Inc.,</u> 802 F.2d 1367 (Fed. Cir. 1986).....	9
<u>Lucerne Products, Inc. v. Cutler Hammer, Inc.,</u> 568 F.2d 784 (6 th Cir. 1977).....	9
<u>Mas-Hamilton Group v. LaGard,</u> 156 F.3rd 1206 (Fed. Cir. 1998).....	4, 12, 14
<u>Moleculon Research Corp. v. CBS Inc.,</u> 793 F.2d, 1261, 1267 (Fed. Cir. 1986).....	11
<u>Pfaff v. Wells Elec., Inc.,</u> 525 U.S. 55, 119 S.Ct. 304.....	12, 13, 14
<u>Richard Titanium Metals Corp. v. Banner,</u> 778 F.2d 775 (Fed. Cir. 1985).....	9
<u>Richardson v. Suzuki Motor Co., Ltd.,</u> 868 F.2d 1226, 1236 (Fed. Cir. 1989).....	10

I. INTRODUCTION

Plaintiff, Dr. Stephen B. Hoy, D.V.M. ("Hoy") has charged Defendant, Robert A. Ditchik d/b/a Pet Greetings ("Ditchik") with infringement of U.S. Patent No. 6,063,412 ("the '412 patent"). Plaintiff is asserting only claim 1 of the patent in suit, which is directed to a rawhide greeting card intended for consumption by a pet. The Court has found that Plaintiff is likely to prevail on the merits of this case, and a motion is pending for a written order corroborating Judge Tarnow's finding that Defendant literally infringes the claim in question.

As a defense to this charge, Defendant claims that the '412 patent is invalid and unenforceable. In support of its contention, Defendant has filed the instant motion for summary judgment of invalidity to which this response is directed.

It is fortunate that the issue of validity has been narrowed, at least for the purposes of this motion. In particular, whereas as Defendant has previously argued invalidity using alternate theories of anticipation (that the invention of claim 1 was known or used by others in this country before the invention by the applicant; that the invention was "on sale" more than a year prior to the date of the application for patent) and obviousness (to one skilled in the relevant art), Defendant is relying on the "on-sale" bar under 35 U.S.C. §102(b). More particularly, Defendant is alleging that the invention of claim 1 was "offered for sale" (as opposed to a sale actually having been made) more than a year prior to Plaintiff's filing date (that being August 7, 1995), and that this alleged "offer to sell" was made by R.J. Simmons ("Simmons"), an individual whose deposition was taken on December 19, 2000 at the behest of Judge Tarnow.

Thus, the only issue which this Court will need to decide for the purposes of this motion is whether Defendant has proved, by clear and convincing evidence, that Simmons offered for sale a product which anticipates claim 1 of the patent in suit. See, Mas-Hamilton Group v. LaGard, 156

F.3rd 1206 (Fed. Cir. 1998)(Exh. A) For the reasons set forth herein, Plaintiff submits that Defendant's motion must be denied because: 1) there are outstanding issues of material fact which remain unresolved; 2) the Simmons activities involve, at most, solicitations to adopt his ideas as opposed to an offer of sale, and indeed, that Simmons was unable to manufacture or commercialize the article in question; and 3) the two crude prototypes constructed by Simmons do not meet the limitations of claim 1 of the '412 patent, and the differences between Simmons articles and those claimed in the patent and infringed by Defendant are not obvious differences.

II. THE SIMMONS ACTIVITIES

According to his deposition testimony, Robert J. Simmons "traveled in the pet industry for seven or eight years ... from '87 ... up to a couple years ago." (Simmons Dep. p. 77, l. 2-3; p. 80, l. 8-9.)(Exh. B) He started a company called Forest Mist Products, but ended up suing his former partner in 1995 and getting out of the pet business altogether. (Simmons Dep. p. 111, l. 3-10.)(Exh. C).

While he was involved in the pet industry, Simmons had ideas for various structures and toys for cats, birds and dogs. However, for the purposes of this motion, the only Simmons concepts of any relevance were the so-called "U.S. Poochcards." Defendant's references to Simmons' other ideas, including edible greetings for birds and cats need not be considered, since they bear no relation to the patent-in-suit.

In terms of Simmons' U.S. Poochcards, he made a few prototypes by hand, and the idea apparently evolved during the 1991-1993 timeframe. In particular, Simmons testified that in late 1991, early 1992, he made a first prototype U.S. Poochcard. (Defendant's Brief to this motion, Exhibit 15; Simmons Dep. p. 140, l. 7-9; Deposition Exh. 21)(Exh. D) Sometime after early 1992,

he also constructed a paper label for the card. (Def's Brief Exh. 15; Simmons Dep. p. 141, l. 9-13; Dep. Exh. 22)(Exh. E)

Simmons testified that he made this first U.S. Poochcard ("U.S. Poochcard No. 1") by cutting the center out of a rawhide Frisbee, and writing "U.S. Poochcard The Rawhide Greeting" and other words with a "Sharpie" pen. (Simmons Dep. p. 140, l. 13-15; p. 109, l. 1-11)(Exh. F) The Poochcard No. 1 contained only words and lines, and did not include the graphical image of a pet. (Dep. Exh. 21; Simmons Dep. p. 142, l. 17-19)(Exh. G)

Simmons further testified that the Sharpie pen ink used in making Poochcard No. 1 was toxic to pets. (Simmons Dep. p. 109, l. 13-15)(Exh. F) He attempted to apply ink to rawhide by stamping, but could not achieve a satisfactory result because the surface of the rawhide was not flat enough. (Simmons Dep. p. 96, l. 6-12)(Exh. H)

Sometime in early 1993, Simmons produced a second prototype U.S. Poochcard using a branding iron to emboss and burn the message. (Defendant's Brief Exh. 15; Dep. Exh. 16B; Simmons Dep. p. 58, l. 25 to p. 59, l. 3)(Exh. I) Like the Poochcard No. 1, Simmons also produced a paper label for Poochcard No. 2 (Def's Exh. 15; Dep. Exh. 16A, 16C). Simmons testified that he made "6 to 12" of the Poochcard No. 2, which are now in the trash. (Simmons Dep. p. 147, l. 6-8)(Exh. J)

No U.S. Poochcard was ever sold. (Def's Stipulated Fact No. 26). Indeed, Simmons experienced difficulties in producing *the prototypes*, difficulties sufficient to preclude commercialization. (Simmons Dep. p. 67, l. 18 to p. 68, l. 3)(Exh. K) Apart from the fact that Simmons could not find any rawhide flat enough to imprint with ink, he was "unable to get large quantities of flat rawhide due to the state of the technology at the time for a commercially viable price." (Simmons Dep. p. 67, l. 18-20)(Exh. K) "The only way to create flat rawhide was to take a

wet hide and lay it on a toggling frame and to go -- tie down the edges of this piece of rawhide and then wait for it to dry." (Simmons Dep. p. 68, l. 3-7)(Exh. K)

Even though Simmons claimed that he was "talking to some of the biggest hitters in the rawhide industry ... they had trouble creating -- its too much -- it was work-intensive to create the rawhide flat at that time." (Simmons Dep. p. 68, l. 11-18)(Exh. K) By 1993, after years of pondering the problem, Simmons testified that "I still have not found a flat -- a source of flat rawhide." (Simmons Dep. p. 147, l. 24-25)(Exh. J)

Though Simmons may have showed his prototype U.S. Poochcards to various individuals, it is clear that he never offered to sell a product. Rather, he was demonstrating an idea that he had to make an edible greeting card for a pet. When Simmons was on the road, he would say "hey, I've got something I want to show you, and I'd get my briefcase and pull out my prototype of all of these greeting cards." (Simmons Dep. p. 73, l. 7-9)(Exh. L) Although one of these "cards" (the folded CATSACK containing catnip) was a product in finished form, ready for sale, "the other two I would display on a person-to-person basis to find flat rawhide or an outlet for the perch card or whatever it might have been." (Simmons Dep. p. 80, l. 21-25)(Exh. B)

At least by February of 1993, Simmons approached his attorney, Luke Santangelo, and asked Mr. Santangelo if he could be of assistance in promoting Simmons' ideas. (Aff. of Luke Santangelo, Def's Brief Exh. 11). It turned out that a college acquaintance of Santangelo worked for Hallmark cards, and Santangelo agreed to meet with her, though Simmons claims that "it was off the record as far as Hallmark is concerned." (Simmons Dep. p. 133, l. 4-5)(Exh. M)

It is clear from statements made by Simmons, Santangelo and other declarants proffered by Defendant, that Simmons would settle for any business arrangement that he could get, but was not in a position to make, sell or offer for sale actual products. He could never find a source of flat

rawhide of the type which he envisioned as being necessary for a commercially viable product. He did not have a printing method, nor did he know what such a product would cost. Without a grasp of pricing or availability, it defies logic that Simmons could "offer a product for sale."

Simmons admits that Hallmark would have preferred for Simmons to offer to sell them a product, but he never got the chance to entertain such a relationship. "If that's what the company *would have liked* in terms of a business arrangement, yes, that's the way I *would have approached it.*" (Simmons Dep. p. 70, l. 14-16, emphasis added). Santangelo's affidavit concurs. "While I indicated that I thought a license would be best for all parties." (Santangelo Aff., p. 5)

III. PROPOSED CONCLUSIONS OF LAW

A. None of the U.S. Poochcards Made by Simmons Anticipate Claim 1 of the Patent in Suit

Claim 1 of the patent in suit, being succinct and straightforward, is reproduced below as follows:

1. An edible greeting card suitable for ingestion by a pet, comprising:
a rawhide panel having a front surface and a back surface; and
at least one graphical image of a pet and at least one textual message, both formed on the front surface of the rawhide panel using an edible ink suitable for ingestion by a pet;
whereby the image in conjunction with the message give a purchaser the impression that a pet is the intended recipient of the card.

The claim contains two elements, namely, "a rawhide panel having a front surface and a back surface," and "at least one graphical image of a pet and at least one textual message, both formed on the front surface of the rawhide panel using an edible ink suitable for ingestion by a pet."

The "on-sale" bar, 35 U.S.C. §102(b), upon which Defendant relies is reproduced as follows:

A person shall be entitled to a patent unless:

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than 1 year prior to the date of the application for patent in the United States ...”

It is well-settled that “on sale” includes an offer to sell. (Citations omitted.) However, despite Defendant’s arguments that identity of invention is not required for a proffered piece of prior art to anticipate, the standard for lack of novelty is, in fact, one of *strict identity*; that is, to anticipate a claim for a patent, a single prior source must contain all its essential elements. Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367 (Fed. Cir. 1986) (“it is axiomatic that for prior art to anticipate under §102 it has to meet every element of the claimed invention, and that such a determination is one of fact.”)

“ ‘Anticipation’ is a single of art within patent law meaning the disclosure in the prior art of the thing *substantially identical* with the claimed invention.” Lucerne Products, Inc. v. Cutler Hammer, Inc., 568 F.2d 784 (6th Cir. 1977). “Exclusion of a claimed element from a prior art reference is enough to negate anticipation by that reference.” Atlas Powder Co. v. E.I. du pont De Nemours & Co., 750 F.2d 1569, 1574 (Fed. Cir. 1984); Richard Titanium Metals Corp. v. Banner, 778 F.2d 775 (Fed. Cir. 1985) (“Anticipation under §102 can be found only when the reference discloses exactly what is claimed.”)

Indeed, “to overcome the defense of anticipation, it is only necessary for the patentee to show some tangible difference between the invention and the prior art.” DelMar Engineering Lab v. Physio-Tronics, Inc., 642 F.2d 1167 (9th Cir. 1981).

In this case, Defendant admits that the Simmons U.S. Poochcards and the subject matter of claim 1 asserted by Plaintiff are not the same. In Defendant’s Brief in Support of its Opposition to Plaintiff’s Motion for Preliminary Injunction, Defendant admitted that “[a]rguably, the sample U.S.

Poochcards displayed and offered for sale by Simmons and Santangelo were not literally identical with the language of claim 1 of the '412 patent." (Defendant's Brief in Support of its Opposition to Plaintiff's Motion for Preliminary Injunction, p. 8, lines 5-7)(Exh. O)

B. The Differences Between Simmons' U.S. Poochcards and the Subject Matter of Claim 1 Are Not 'Obvious'

When a challenger attempts to attack the validity of a patent with a piece of prior art which is different from an asserted claim, the correct standard to apply is that of obviousness (35 U.S.C. §103) and not anticipation. Richard Titanium Metals Corp. v. Banner, supra. See also Richardson v. Suzuki Motor Co., Ltd., 868 F.2d 1226, 1236 (Fed. Cir. 1989) (The District Court erroneously instructed the jury that anticipation may be shown "by equivalents," which is "a legal theory that is pertinent to obviousness under §103, not to anticipation under §102.")

In this litigation, the differences between the Simmons' U.S. Poochcards and the subject matter of claim 1 are sufficiently different that anticipation is precluded. Consequently, Defendant is attempting to import the obviousness standard into an on-sale bar argument. This is not justified under the law. Importantly, the *obviousness standard* is based upon the time of invention as opposed to an applicant's filing date. 35 U.S.C. §103. Since Plaintiff has submitted evidence of a date of conception earlier than Simmons, Defendant is no doubt aware that attempting to invalidate the patent in suit on the basis of obviousness is a dead end. Summarizing, anticipation must be based upon substantial identity, not something that "comes close." Connell v. Sears Roebuck & Co., 722 F.2d 1542, 1548 (Fed. Cir. 1983).

C. If The Differences Between Simmons' U.S. Poochcards And The Subject Matter Of Claim 1 Are Insignificant, Why Is It That Simmons Could Not Produce An Article That Infringes Claim 1?

U.S. Poochcard No. 1 was made by hand with a Sharpie pen using ink which is toxic to pets. Poochcard No. 1 did not contain a graphical image of a pet. Since claim 1 includes a graphical image of a pet, with the image and accompanying text being produced with an ink suitable for ingestion by a pet, Poochcard no. 1 fails to anticipate for at least two reasons. Although Poochcard No. 2 contains a graphical image of a pet, a branding iron was used to form the image. Nonetheless, Defendant urges this Court to find that although Poochcard No. 2 falls short of meeting each and every element of claim 1, the use of a branding iron as opposed to an edible ink makes no difference whatsoever. If this were true, patent claim interpretation would be any entirely subjective process. Simmons stated that he made a rubber stamp and attempted to apply ink (of unknown origin), but he couldn't make it work. He couldn't find a source of rawhide that was flat enough (Simmons Dep. p. 96, l. 6-12, Exh. H).

D. Simmons Did Not Offer A Product For Sale; Rather, He Merely Solicited Interest In His Concepts

Section 102(b) refers to the "invention" being on sale in the United States. The relevant case law makes it clear that this means that an *embodiment* of the claimed invention was on sale. Thus, an offer to sell or license the *patent rights* to an invention should not be viewed as an offer of the invention for sale, at least if the offer and nature of the circumstances make it clear that the offeree or licensee could not sell or use such embodiments without further development work. Moleculon Research Corp. v. CBS Inc. 793 F.2d, 1261, 1267 (Fed.Cir. 1986). ("Section 102(b) restricts only the sale of the physical embodiment of the invention and not the transfer of rights to a

perspective patent covering the invention ... when an inventor assigns his rights in an invention to another, he simply places someone else in his shoes.")

"The relevant inquiry is whether there was a definite sale or offer for sale of the claimed invention prior to the critical date, defined as one year prior to the U.S. filing date to which the application was entitled." Mas-Hamilton Group v. LaGard, 156 F.3rd 1206 (Fed. Cir. 1998)(citing Pfaff v. Wells Elec., Inc., 525 U.S. 55, 119 S.Ct. 304.) In Mas-Hamilton, Defendant LaGard presented a prototype combination lock to the Molser Corporation, and offered to furnish additional prototypes that were essentially the same device described in the patent-in-suit. The District Court found that the devices were for testing or show, only, and did not represent commercial sales of the lock even though money changed hands. Mas-Hamilton at 1217.

The District Court in Mas-Hamilton further found that LaGard's offer to Molser was only an offer of either 1) production rights in the invention, or 2) the exclusive right to market the invention, neither of which involved a sale or an offer to sell the devices themselves. Mas-Hamilton, *slip op.* at 15. The evidence also indicated that Molser provided a purchase order that was never filled, and that no agreement was reached about the particulars of the proposed lock prior to the critical date. From this record, the Court of Appeals for the Federal Circuit affirmed the District Court's conclusion that the patent in suit was not invalid based on the on-sale bar. Mas-Hamilton at 1216-17.

E. Defendant's Reliance on the Supreme Court's
Pfaff Decision is Misguided